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## **European Union**

### **Market Development Reports**

### **EU Food & Drink Industry in Figures**

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#### **Report Highlights:**

**The food and drink industry is the leading industrial sector in the EU, accounting for 15 percent of the total production value in the manufacturing sector. With a total production value of 593 billion euros and an added value of 133 billion euros, it is ranked first ahead of the chemical, car, machinery and equipment industries. The food and drink sector is the third largest employer in the EU.**

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## THE EU FOOD AND DRINK INDUSTRY IN FIGURES

Source(s): - Annual Report of the Confederation of the food and drink industries of the EU (CIAA)  
- Eurostat

### STRUCTURE AND EMPLOYMENT

The food and drink industry is the leading industrial sector in the EU, accounting for 15% of the total production value in the manufacturing sector. With a total production value in 2000 of 593 billion euros and an added value of 133 billion euros, it is ranked first ahead of the chemical, car, machinery and equipment industries. Production covers both first-stage processing as well as second-stage processing.

The food and drink sector is the third largest industrial employer in the EU. It employs 2.6 million people which represents 11% of the EU industrial workforce. The number of companies in the food & drink sector is estimated at nearly 26,000 companies, with most of these companies employing more than 20 employees. The latest EU data relate to organizations of over 20 employees. The food and drink industry is characterized, however, by a high proportion of small and medium-sized enterprises. Given the strong fragmentation in this sector, especially in member states such as Italy, Spain and Portugal, the share of small enterprises can be important. Therefore, figures including all companies can be considerably higher. Exact figures are difficult to obtain due to differences in the member states' data collection systems.

<b>FOOD AND DRINK SECTOR: STRUCTURE / PRODUCTION BY COUNTRY</b> <b>2000 estimates (based on Eurostat figures / National Federations)</b>				
	<b>Production</b> <b>(Current prices - billion euros)</b>	<b>Added Value</b> <b>(billion euros)</b>	<b>Employees</b> <b>(x 1000)</b>	<b># of companies</b>
Belgium	23	5	62	754
Denmark	16	4	83	275
Germany	119	27	548	6,035
Greece	5	1	43	1,036
Spain	60	13	363	3,040
France	121	21	400	3,645
Ireland	15	4	47	687
Italy	63	12	197	2,844
Netherlands	35	6	103	876
Austria	11	3	77	664
Portugal	11	2	112	1,916
Sweden	15	3	54	338
Finland	8	2	43	1,785
U.K.	91	30	534	2,200
<b>EU-15</b>	<b>593</b>	<b>133</b>	<b>2,666</b>	<b>26,095</b>

Consumer demand for food and drink products may be split into two groups: necessity purchases, a group where price

competition is high, and luxury purchases, a group where consumers are willing to pay premium prices for branded labels. The increasing number of working mothers and a change in lifestyles resulted in the growth of easy-to-prepare foods, convenience food, microwave and frozen food. Consumer tastes and preferences also changed and factors such as nutritional content, food safety, animal welfare, new ethnical foods and special dietary requirements strongly influence purchases of food and beverages.

Among the different sectors in the food and drink industry, meat and milk processing and beverages are of major importance in terms of production and employment. Bakery, pastry, chocolate and confectionery products represent half the production value in the "other food products" category.

<b>STRUCTURE / PRODUCTION BY SECTOR - 1998 (source: Eurostat)</b>						
	<b>Production</b>		<b>Added Value</b>		<b>Employees</b>	
<b>Sector</b>	<b>billion euros</b>	<b>%</b>	<b>billion euros</b>	<b>%</b>	<b>x 1000</b>	<b>%</b>
Processed meat	113	19.1	21	15.8	588	22.1
Fish Products	14	2.4	3	2.3	91	3.4
Processed fruit & vegetables	36	6.1	8	6.0	174	6.5
Oils & fats	23	3.9	2	1.5	38	1.4
Dairy products	95	16.0	14	10.5	271	10.2
Flour & starch products	21	3.5	4	3.0	61	2.3
Animal feed	37	6.2	6	4.5	90	3.4
Other food products	156	26.3	47	35.3	1,037	38.9
Beverages	98	16.5	28	21.1	316	11.9
<b>Total</b>	<b>593</b>	<b>100</b>	<b>133</b>	<b>100</b>	<b>2,666</b>	<b>100</b>

## CANDIDATE COUNTRIES

The enlargement negotiations with the candidate countries (Bulgaria, Estonia, Hungary, Latvia, Lithuania, Poland, Czech Republic, Romania, Slovakia, Slovenia) are now entering their final and crucial stage. Through the Business Support Program (BSP), the CIAA actively supports the food industry organizations in the candidate countries to increase their understanding of the Community Acquis and to promote rapid implementation of EU food laws. BSP is a multi-country project financed by the European Commission's Phare Program (more information on <http://europa.eu.int/comm/enlargement/pas/phare/programmes/multi-bene/business.htm>).

<b>CENTRAL EUROPEAN COUNTRIES - 2000 estimates (source: CEC Federations)</b>			
	<b>Production (billion EUR)</b>	<b>Employees (x 1000)</b>	<b># of companies</b>
Bulgaria	1.50	92	NA
Czech Republic	6.60	135	1269
Estonia	0.56	23	126
Hungary	5.30	116	750

Latvia	0.75	27	225
Poland	21.10	527	24,666
Slovakia	2.44	NA	NA
Slovenia	1.43	17	103

**TOP EU FOOD MANUFACTURERS**

MANUFACTURER	COUNTRY OF ORIGIN	TOTAL TURNOVER IN 2000 (billion USD)	SECTOR	TOTAL OF EMPLOYEES
UNILEVER	Netherlands/United Kingdom	48.7	Food processors	295,000
DIAGEO	United Kingdom	17.4	Distillers & vintners	66,668
DANONE	France	12.9	Food processors	NA
ERIDIANA BEGHIN SAY	France	8.9	Food processors	NA
HEINEKEN	Netherlands	7.3	Brewers	NA
INTERBREW	Belgium	7.2	Brewers	34,203
CADBURY SCHWEPES	United Kingdom	6.7	Food processors	NA
PARMALAT	Italy	6.6	Food processors	NA
ASSOCIATED BRITISH FOODS	United Kingdom	6.5	Food processors	34,372
SCOTTISH & NEWCASTLE	United Kingdom	5.2	Brewers	57,745
Source: CIAA				

## FOOD TRADE

Exports of processed agricultural products to third countries amounted to over 41 billion EUR in 2000. Around 35% of such products are exported in the form of high added value products, called "non-Annex I" products. The United States and Japan are the main export destinations. With 30.3%, beverages are the major processed agricultural export product. Brazil and the United States are the main suppliers of processed agricultural products, mostly for first-stage processing. The trade balance for processed agricultural products is positive.

<b>Exports by sector (%) in 2000</b> (source: Eurostat)			
Chocolate, biscuits & confectionery	9.1	Flour, rice and starch products	4.9
Processed fruit & vegetables	6.1	Oils and fats	6
Beverages	30.3	Processed meat	11.5
Dairy products	12.3	Fish products	2.2
Animal feed	4.8	Other food products	14.7
Sugars	3.9		

<b>MAIN EXPORT DESTINATIONS IN 2000</b>			<b>EXPORTS BY REGION OF DESTINATION</b>		
<b>Destination</b>	<b>Billion EUR</b>	<b>%</b>	<b>Region</b>	<b>Billion EUR</b>	<b>%</b>
<b>Total</b>	<b>41,411</b>		<b>Total World</b>	<b>41,411</b>	
of which:			of which:		
United States	8,576	20.7	North America	9,888	23.9
Japan	3,502	8.5	Mercosur	747	1.8
Switzerland	2,401	5.8	Other Latin & Central American	2,214	5.3
Russia	1,954	4.7	Asian (1)	1,810	4.4
Canada	1,312	3.2	Other Asian	8,513	20.6
Poland	1,049	2.5	Oceania	1,203	2.9
Norway	963	2.3	Mediterranean	4,793	11.6
Australia	786	1.9	CIS (2)	2,304	5.6
South Korea	696	1.7	Candidate countries (3)	3,335	8.1
Algeria	674	1.6	EFTA (4)	3,471	8.4

source: Eurostat

(1) Thailand, Singapore, Malaysia, Brunei, Indonesia, Philippines, Vietnam, Laos, Cambodia, Myanmar

(2) ex-USSR Republic

(3) Bulgaria, Estonia, Hungary, Latvia, Lithuania, Poland, Czech Republic, Romania, Slovakia, Slovenia

(4) in particular Switzerland and Norway

MAIN IMPORT ORIGINS IN 2000 (source: Eurostat)		
Countries	Billion EUR	%
<b>Total</b>	<b>39,098</b>	
of which:		
Brazil	4,289	11
United States	3,191	8.2
Argentina	2,857	7.3
Norway	1,226	3.1
Indonesia	1,201	3.1
China	1,203	3.1
New Zealand	1,177	2.9
Switzerland	1,128	3.1
Thailand	1,134	2.6
Poland	1,019	2.9

## EU/ US TRADE IN PROCESSED AGRICULTURAL PRODUCTS

With exports of processed agricultural products to the U.S. amounting to over 8 billion euros in 2000 and imports from the U.S. amounting to 3 billion Euros, the EU trade balance for processed products is positive. Factors such as the high U.S. dollar, the low Euro and a booming U.S market for high value-added goods account for this.

At 5 billion euros, beverages represent 58.3 percent of processed agricultural exports to the U.S. Other main exports to the U.S. are: preparations of cereals, flour, starch and Milk (503 million euros), oils & fats (480 million euros), dairy (477 million euros) and preparations of vegetables (417 million euros).

Main imports of processed agricultural products from the U.S. are: animal feed (972 million euros), beverages (633 million euros), other food products <sup>(1)</sup> (323 million euros), preparations of vegetables and fruit - incl. nuts - (310 million euros) and fruit juices (149 million euros). Beverages cover both alcoholic and non-alcoholic beverages: mineral waters, soft drinks, beer, wine and spirits. Fruit and vegetable juices are not included in this category. Rapid growth in this category is mainly due to the introduction of new soft drinks, branded beers and alcopops. The category "Other food products" is a residual group which owes its significance to the fact that it includes preparations of mixed ingredients that can not be classified in another category. A market with real growth potential is fish. Increased awareness that fish can contribute to a balanced diet and several meat scandals resulted in a growing demand for fish products. With EU fish stocks declining, EU fish processors have to rely more and more on extra-EU imports.

EU / US TRADE IN 2000, BY SECTOR (million euros) - source: Eurostat			
Product	Import	Export	Balance
Processed meat	50	298	248
Fish products	95	35	(60)
Processed vegetables	191	417	226
Processed fruit	120	76	(44)
Juices	150	104	46
Products of the milling industry	29	63	34
Dairy	28	478	450
Beverages	634	5,009	4,375
Preparations of cereals, flour, starch & milk	71	503	432
Cocoa preparations	16	312	296
Oils & fats	156	481	325
Sugar & confectionery	55	245	190
Animal feed	972	102	(870)
Coffee, tea & spices	21	262	241
Other food products <sup>(1)</sup>	324	204	(120)

<sup>(1)</sup> includes yeasts, sauces, soups, ice cream and protein concentrates

The top-5 importing member states are: United Kingdom (858 million euros), Netherlands (595 million euros), Germany (307 million euros), Spain (206 million euros) and Italy (184 million euros). Main U.S. exports to the UK are: beverages (292 million euros), animal feed (186 million euros), other food products (119 million euros), fish products (67 million



euros) and processed vegetables (51 million euros). Main U.S. exports to the Netherlands are: animal feed (230 million euros), other food products (106 million euros) and beverages (94 million euros). Main U.S. exports to Germany include: beverages (101 million euros) and animal feed (82 million euros). Spain mainly imported animal feed (115 million euros) from the U.S. and Italy animal feed (43 million euros) and fats & oils (61 million euros).

The top-5 exporting member states are: France (1,975 million euros), Italy (1,572 million euros), United Kingdom (1,293 million euros), Netherlands (1,061 million euros) and Germany (700 million euros).

<b>PROCESSED AGRICULTURAL PRODUCTS: EU / US TRADE IN 2000, BY MEMBER STATE</b> (million euros) Source: Eurostat		
<b>MEMBER STATE</b>	<b>IMPORT</b>	<b>EXPORT</b>
UNITED KINGDOM	858	1,293
NETHERLANDS	595	1,062
GERMANY	307	700
SPAIN	206	592
ITALY	185	1,573
BELGIUM	172	187
FRANCE	145	1,975
IRELAND	129	270
DENMARK	87	363
PORTUGAL	87	65
SWEDEN	71	301
GREECE	33	98
FINLAND	18	50
AUSTRIA	17	58
LUXEMBOURG	2	-

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